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ANNUAL REPORT of THE CHANDLER MOTOR CAR COMPANY

CLEVELAND

for the year ended December 31, 1924

ANNUAL REPORT of
THE CHANDLER MOTOR CAR COMPANY
FOR THE YEAR ENDED
DECEMBER 31, 1924

CLEVELAND

DIRECTORS

F. C. Chandler	Cleveland
James A. Fayne	New York
John R. Hall	Cleveland
W. S. M. Mead	New York
George M. Graham	Cleveland
Samuel Regar	Cleveland
John Sherwin	Cleveland

OFFICERS

F. C. Chandler	President
W. S. M. Mead	Vice-President
John R. Hall	Vice-President
George M. Graham	Vice-President
Samuel Regar	Treasurer
Isador Grossman	Secretary

CONDENSED BALANCE SHEET

THE CHANDLER MOTOR CAR COMPANY

CLEVELAND

At the close of business December 31, 1924

ASSETS

PERMANENT			
Land and Buildings	$ 2,056,005.48		
Machinery, Equipment, etc.	2,226,338.63	$ 4,282,344.11	
Less: Allowance for Depreciation		995,173.09	$ 3,287,171.02
GOOD WILL			5,000,000.00
CURRENT			
Cash on Hand and on Deposit		$ 395,649.84	
Customers' Accounts Receivable, less Allowance for Doubtful	$ 236,453.31		
Cars and Parts sold for Export	108,651.98		
Miscellaneous Accounts and Notes Receivable	103,187.76	448,293.05	
Inventory—Raw Material, In Process and Finished Product		2,309,100.17	3,153,043.06
OTHER ASSETS			
Stock Owned in Other Companies		$ 639,537.00	
Advances to Manufacturers of Parts		98,000.00	
Miscellaneous Notes and Accounts Receivable less Allowance for Doubtful		81,098.69	818,635.69
DEFERRED			
Prepaid Expenses			48,144.36
			$12,306,994.13

LIABILITIES

CAPITAL (Authorized 300,000 shares). Represented by 280,000 shares of Common Stock without nominal or par value		$ 7,000,000.00
CURRENT		
Accounts Payable	$ 471,745.97	
Dividends Payable January 2, 1925	210,000.00	
Accrued Real, Personal and Excise Taxes, etc.	149,323.23	
Dealers' Deposits	79,548.28	
Drafts Discounted	68,871.76	979,489.24
RESERVES		
For 1924 Federal Income Tax	$ 173,321.37	
For Employees' Bonuses	62,578.75	235,900.12
SURPLUS		
Balance December 31, 1924		4,091,604.77
		$12,306,994.13

(Note A) This Balance Sheet is submitted subject to any adjustment found necessary upon determination by the Treasury Department of the final liability of the Company for Federal Taxes for prior years.

(Note B) This Balance Sheet is subject to the comments contained in our "Certificate," included in and made a part of this report.

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To the Stockholders
of The Chandler Motor Car Company:

DESPITE the handicap of Presidential year, which affected adversely nearly all business, the Chandler Motor Car Company was able to make an excellent showing in 1924.

Earnings for the year, after deductions for taxes and depreciation, were $4.81 per share, which is 60 per cent above the present dividend rate.

Comparison with the annual report of one year ago shows a most gratifying improvement in the ratio of current assets to current liabilities.

A further cause for satisfaction is in the absence of bank loans from this year's statement. Not since 1920 had the company previously been free of banking debt.

That it was possible to achieve this result against difficult business conditions is the more gratifying.

Your Company has been giving closest attention to the new economic development of the automobile industry which makes it vital to strive for the prosperity of the retailer.

Believing that the most harmful of errors is a policy of overproduction that forces upon distributors and dealers more cars than they can handle without sacrifice, your Company has preferred to be conservative in its volume. It believes that the wisdom of this policy is justified in the financial condition of its distributors and dealers, which was better at the end of 1924 than at the end of the preceding year.

Your Company continues to maintain its record of never having passed a dividend. Few, if any, passenger car manufacturers in business for an equal length of time can duplicate this record.

The excellent prospects for 1925 rest not alone upon the sound financial condition of the Company, dealer prosperity and the absence of debt. The greatest factor is the dominating value of Chandler product.

There can be no question that the Company is now producing the finest car in Chandler history.

The beauty and richness of the Chandler line has been one of the outstanding features of all the shows.

The wonderful Chandler performance, proved in many tests, had its culminating achievement on February 4, 1925, at Culver City, when a Chandler car did one thousand miles in 689 minutes. This remarkable speed was an average of 86.9 miles per hour, and is the fastest thousand miles ever made on wheels. Only an aeroplane has traveled faster. This great feat is attracting nation-wide attention, as proof of the car's unequaled stability and endurance, practical qualities far more important to the motorist than any mere question of speed.

Nineteen twenty-five starts with every indication of excellent business.

F. C. Chandler,
President

Cleveland, Ohio
February 24, 1925

ERNST & ERNST
AUDITS and SYSTEMS
CLEVELAND

FEBRUARY 21, 1925.

BOARD OF DIRECTORS AND STOCKHOLDERS,
THE CHANDLER MOTOR CAR COMPANY,
CLEVELAND.

GENTLEMEN:—

WE HAVE audited the books of account and record of THE CHANDLER MOTOR CAR COMPANY, CLEVELAND, as of the close of business December 31, 1924, and submit herewith Balance Sheet, setting forth the financial position of the Company at that date, together with Condensed Statement of Income and Expense and Surplus Account for the year then ended.

Permanent Assets are represented in the accompanying Balance Sheet at depreciated book values. The amount of $146,368.14 has been provided as an allowance for depreciation for the year ended December 31, 1924, by charge against operations.

Cash balances of record December 31, 1924, have been fully accounted for by us and we have verified Notes Receivable and Securities Owned by inspection. Accounts Receivable were verified by trial balance of the individual accounts and, in our opinion, based upon information obtained relative thereto, sufficient provisions have been made for any reasonable shrinkage in the book value of these assets anticipated at this date.

Raw Material, In Process and Finished Product Inventories are represented upon the basis of the lower of cost or market values, as taken and priced under the supervision of the Management. Thorough tests have been made by us as to physical

CONDENSED STATEMENT OF INCOME AND EXPENSE

THE CHANDLER MOTOR CAR COMPANY
CLEVELAND

For the year ended December 31, 1924

INCOME	
Gross Profit from Sales of Automobiles and Parts after deducting Cost of Material, Labor and Manufacturing Expense, exclusive of Depreciation	$ 3,219,913.80
Interest Earned	21,559.99
TOTAL INCOME	$ 3,241,473.79
EXPENSES AND OTHER CHARGES	
Selling, Advertising and General Expenses and Other Charges against Income, including Depreciation	1,719,732.31
OPERATING PROFIT	$ 1,521,741.48
Provision for Federal Income Tax	173,321.37
NET CREDIT TO SURPLUS	$ 1,348,420.11

quantities represented, prices used and clerical accuracy and the entire Inventory has been certified to us relative to quantities, valuations, etc., as well as salability.

We have made full provision for all ascertained Liabilities of the Company at December 31, 1924, disclosed by the records examined and information obtained by us. Attention is directed to the fact, however, that the accompanying Balance Sheet is subject to any adjustment found necessary upon determination by the Treasury Department of the final liability for Federal Taxes for prior years.

In the following exhibit is set forth a summary of the transactions affecting the Surplus Account for the year:

SURPLUS, December 31, 1923	$4,003,184.66
Add: Net Profit for the year ended December 31, 1924—as shown by the Company's books after provision for Federal Income Tax	1,348,420.11
	$5,351,604.77
Dividends paid and provided for, $4.50 per share	1,260,000.00
SURPLUS DECEMBER 31, 1924	$4,091,604.77

Subject to the foregoing, WE HEREBY CERTIFY, that we have audited the books of account and record of THE CHANDLER MOTOR CAR COMPANY, CLEVELAND, as of the close of business December 31, 1924, and that, in our opinion, based upon the records examined and information obtained by us, the accompanying Balance Sheet is drawn up so as to correctly set forth the financial position of the Company at that date.

Very truly yours,

ERNST & ERNST
Certified Public Accountants

(SEAL)